



**OFFICE OF
INSPECTOR GENERAL**
UNITED STATES POSTAL SERVICE

AUDIT REPORT

Independent Auditor's Report on the U.S. Postal Service's Fiscal Year 2021 Reclassified Financial Statements

November 15, 2021



Report Number 21-203-R22



November 15, 2021

MEMORANDUM FOR: JOSEPH CORBETT
CHIEF FINANCIAL OFFICER AND EXECUTIVE
VICE PRESIDENT

TAMMY
WHITCOMB

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FROM: TAMMY L. WHITCOMB
INSPECTOR GENERAL

SUBJECT: Independent Auditor's Report on the U.S. Postal Service's
Fiscal Year 2021 Reclassified Financial Statements
(Note 45) (Report Number 21-203-R22)

Report on the Reclassified Financial Statements

We have audited the accompanying Reclassified Financial Statements of the U.S. Postal Service, which comprises the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Reconciliation Report – Reclassified Balance Sheet as of September 30, 2021, and the related GTAS Reconciliation Reports – Reclassified Statement of Net Cost and Reclassified Statement of Changes in Net Position, for the year then ended (hereinafter referred to as reclassified financial statements) and accompanying Note 45 (Project Number 21-203).

Management's Responsibility for the Reclassified Financial Statements

Management is responsible for the preparation and fair presentation of these reclassified financial statements in accordance with U.S. generally accepted accounting principles (GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the reclassified financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these reclassified financial statements based on our audit. We conducted our audit in accordance with the standards applicable to financial audits contained in U.S. *Government Auditing Standards*, issued by the Comptroller General of the U.S.; and Office of Management and Budget (OMB) Bulletin Number 21-04, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the reclassified financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessments of risk of material misstatement of the reclassified financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the reclassified financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the reclassified financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the reclassified financial statements referred to above present fairly, in all material respects, the financial position of the Postal Service as of September 30, 2021, and its net costs and changes in net position for the year then ended in accordance with U.S. GAAP.

Emphasis of Matter

The Budget and Accounting Procedures Act of 1950 allows the Secretary of the Treasury to stipulate the format and requirements of executive agencies to furnish financial and operational information to the President and the Congress to comply with the Government Management Reform Act of 1994 (GMRA) (Pub. L. Number 103-356), which requires the Secretary of the Treasury to prepare and submit annual audited financial statements of the executive branch. The Secretary of the Treasury developed guidance in U.S. Department of the Treasury's (Treasury) *Treasury Financial Manual* (TFM) Chapter, Volume 1, Part 2, Chapter 4700 (TFM 2-4700) to provide agencies with instructions to meet the requirements of GMRA. The TFM 2-4700 requires agencies to submit a GTAS adjusted trial balance, which Treasury uses to populate a Reclassified

Balance Sheet, Reclassified Statement of Net Cost, and Reclassified Statement of Changes in Net Position.

The reclassified financial statements were prepared in accordance with the requirements of the TFM 2-4700 for the purpose of providing financial information to the Treasury and the U.S. Government Accountability Office (GAO) to use in preparing and auditing the *Financial Report of the U.S. Government*. They are not intended to be a complete presentation of the balance sheet of the Postal Service as of September 30, 2021, as required by the Postal Reorganization Act of 1970, as amended, and the related statements of operations, cash flows, and changes in net position (hereinafter referred to as general-purpose financial statements¹).

As allowed by the *Statements of Federal Financial Accounting Standards* (SFFAS) Number 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board*, the Postal Service prepared and reported its fiscal year (FY) 2021 reclassified financial statements in accordance with accounting and reporting standards issued by the *Financial Accounting Standards Board* (FASB). Whereas other federal agencies prepare and report their financial statements in accordance with accounting and reporting standards issued by the Federal Accounting Standards Advisory Board (FASAB).

The Postal Service changed its method of accounting for leases effective FY 2020, due to the adoption of Accounting Standards Update (ASU) Number 2016-02, *Leases* (Topic 842). The FASB standard for leases requires the Postal Service to record most leases on its balance sheets; and, as the lessee, to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. In contrast, the current SFFAS standard requires other federal agencies to classify leases between capital and operating leases, in which, under operating leases, the lessee does not assume the risk of ownership of the asset and the lease expense is treated as an operating expense and does not affect the balance sheet.² Due to the differing lease standards, the Postal Service's FY 2021 balance sheet lines—*Property, plant, and equipment, net* and *Other liabilities*—may not be comparable to other federal agencies.

Intragovernmental Transactions Differences

U.S. Department of Defense (DoD)

The DoD is responsible for transporting mail from overseas military facilities to Postal Service facilities and between overseas military Postal Service facilities. Operationally, the Postal Service transports the mail on behalf of DoD, and the DoD reimburses the

¹ The Postal Service general-purpose financial statements are published on the Security and Exchange Commission Form 10-K, as prescribed by the Postal Accountability and Enforcement Act of 2006 (PAEA) (PL-109-435).

² The upcoming new standard, SFFAS Number 54, *Leases*, will become effective with reporting periods beginning after September 30, 2023, and will align to the FASB standard.

Postal Service for fees paid for transporting this mail. The Postal Service records these amounts as net revenue, recognizing a contra-expense for the reimbursable amounts because it invoices the DoD only to cover expenses.

During FY 2015, in a dispute resolution ruling, Treasury determined the Postal Service should record this activity as revenue. The Postal Service maintains that the accounting treatment of the reimbursable military expenses as an offset to expense is appropriate and in accordance with GAAP promulgated by FASB. As a result, for the year ended September 30, 2021, an intragovernmental difference of approximately \$125 million exists between the Postal Service and DoD.

Office of Personnel Management (OPM) Imputed Cost/(Benefit)

OPM, on behalf of federal entities, manages the government-wide employee benefit programs that provide retirement, health benefits, and life insurance to federal employees. FASAB standards require federal entities to recognize an imputed cost/(benefit) from OPM, because the cost to the federal government to provide a future retirement benefit to most employees is higher than the combined employer and employee contributions.³ Imputed costs reflect the amount by which the cost to the federal government of an employee benefit exceeds the amount contributed by employees and their employers. This requirement is applicable to all retirement, health, and life insurance benefit programs.

The Postal Service prepares its financial reports in accordance with GAAP promulgated by the FASB. GAAP requires the Postal Service to account for retirement, health, and life insurance benefit programs under multi-employer accounting rules, and expense is recognized for each period's legally required contribution.

Prior to FY 2019, the Postal Service converted its financial statements from FASB GAAP to FASAB GAAP and reported an imputed cost or benefit in its adjusted trial balance provided to the Bureau of Fiscal Service (Fiscal Service). Effective FY 2019, Treasury⁴ eliminated the need for conversion. Therefore, for FY 2021, the Postal Service will not report this imputed cost/(benefit) in its adjusted trial balance. The Postal Service and OPM agreed that the calculated imputed benefit is about \$36 million for FY 2021.

Cash Held Outside of Treasury

The Postal Service is a Non-Treasury Disbursing Officer of the U.S. government, authorized to issue payments itself, rather than through the Treasury. However, the Postal Service is required under 39 U.S.C. § 2003⁵ to deposit all collections into the U.S. Treasury, except as provided by another law.

³ SFFAS Number 5, *Accounting for Liabilities of The Federal Government*.

⁴ TFM 4735.40, Special Basis of Accounting.

⁵ 39 U.S.C. § 2003, *The Postal Service Fund*, established a revolving fund titled the Postal Service Fund. It is available to the Postal Service without fiscal year limitations to carry out the purposes, functions, and powers authorized by law.

As an agency that has authority to issue Treasury checks, the Postal Service prepares and submits a monthly report that provides the balance of funds that the Postal Service considers in-transit to the Treasury.

The Fiscal Service considers this balance as cash held outside of Treasury and reports the amount as an asset of the General Fund. To reciprocate, the Fiscal Service has requested that the Postal Service report the balance as a liability to the General Fund.

The Postal Service maintains that reporting this balance as a liability will misrepresent its financial position. Unlike other federal entities, Postal Service collections are not receipts of the U.S. government and are not a liability of the Postal Service. While funds are in-transit to the General Fund and will ultimately be reported within the *Fund Balance With Treasury*, the amounts are not due to the General Fund. The Postal Service and the Fiscal Service agree that this balance as of September 30, 2021, is \$452 million.

Office of Personnel Management (OPM) Loss Allowance on Intragovernmental Receivables

The Postal Service participates in three retirement plans: the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), and the Postal Service Retiree Health Benefits (RHB). The first two are pension plans and the third is set up to fund the Postal Service's share of RHB premiums. The OPM administers these programs, including measurement of liabilities.

The Postal Service is required to contribute to FERS at rates specified by OPM and to make amortization payments for the unfunded liability.⁶ It is also required to make amortization payments to pay down the unfunded liability of CSRS when OPM determines that such payments are necessary. The Postal Service has not made the required payments⁷ to amortize the unfunded liabilities of FERS and CSRS.

PAEA established the Postal Service Retiree Health Benefit Fund (PSRHBF) and required the Postal Service to prefund retiree health benefits from FY 2007 through FY 2016. Beginning in FY 2012, the Postal Service defaulted on the statutorily-mandated prefunding payments. In FY 2017, the PSRHBF began funding the Postal Service share of retirement benefit premiums and the Postal Service was required to begin paying normal costs⁸ and amortize the unfunded liability; the Postal Service did not make any required retiree health benefits payments from FY 2017 through FY 2021.

⁶ An unfunded liability is defined as the difference between the estimated liability or commitment to current and future retirees and the assets set aside to fund benefits.

⁷ For CSRS, amortization payments from FY 2017 through 2021 are due. For FERS, amortization payments from FY 2014 through 2021 are due.

⁸ The amount established by OPM as the employer portion of retirement benefits attributable to active employees' current year of service.

As of September 30, 2021, the Postal Service has defaulted on the required payments of \$71.6 billion⁹ for the pension and health benefits programs. Starting in FY 2020, OPM established an allowance for losses for the Postal Service's past due payments, as clarified in FASAB Technical Bulletin 2020-1. Therefore, OPM stated it will continue to report and recognize the uncollected contributions receivable from the Postal Service as a \$0 realizable value. The Postal Service has stated that, since it still has a legal obligation to make these payments, it has not made changes to its accounting policy and continues to report \$71.6 billion as current liabilities.

Other Matters

Opinion on the General-Purpose Financial Statements

The Postal Service's independent public accounting (IPA) firm has audited, in accordance with the standards of the PCAOB, auditing standards generally accepted in the U.S., and the standards applicable to financial audits contained in U.S. *Government Auditing Standards* issued by the Comptroller General of the U.S., the general-purpose financial statements of the Postal Service as of and for the years ended September 30, 2021 and 2020, and its report thereon, dated November 10, 2021, expressed an unqualified opinion on those financial statements.

Additionally, in its unqualified opinion on the FY 2021 general-purpose financial statements, dated November 10, 2021, the IPA firm emphasized liquidity matters discussed in the Postal Service's general-purpose financial statement disclosures. That view should be read in conjunction with this report.

Restriction on Use of the Report on the Reclassified Financial Statements

This report is intended solely for the information and use of the management of the Postal Service, Treasury, OMB, and GAO in connection with the preparation and audit of the *Financial Report of the U.S. Government* and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with the standards of the PCAOB, auditing standards generally accepted in the U.S., and *Government Auditing Standards*, the Postal Service's IPA firm issued a report¹⁰ dated November 10, 2021, on its consideration of the Postal Service's internal control over financial reporting and the results of its tests of the Postal Service's compliance with certain provisions of laws, regulations, and contracts that are required to be reported under *Government Auditing Standards*. The IPA firm's report is an integral part of an audit performed in accordance with PCAOB, auditing standards generally accepted in the U.S., and *Government Auditing Standards*, and should be

⁹ This amount represents the cumulative amount since FY 2012.

¹⁰ *Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards*, dated November 10, 2021.

read in conjunction with our report in considering the results of our audit of the reclassified financial statements.

The IPA firm’s report on its consideration of the Postal Service’s internal control over financial reporting did not identify any deficiencies in internal control over financial reporting considered to be significant deficiencies or material weaknesses as of September 30, 2021 and 2020.

Compliance and Other Matters

The IPA firm noted instances of non-compliance with laws and regulations. Specifically, the Postal Service failed to comply with various laws when it defaulted on retirement and retiree health benefit obligations from FY 2012 through 2021. Table 1 provides RHB payments due by fiscal year-end as required by PAEA.

Table 1. Retiree Health Benefit Fund Payments Required by PAEA¹¹

| Fiscal Year-End Due Date | Payment Type | Amount (in Millions) |
|--------------------------|-----------------------------------|----------------------|
| 2012 through 2016 | Retiree Health Benefit Prefunding | \$33,900 |
| 2017 | Normal Cost | 3,300 |
| | Unfunded Liability Amortization | 955 |
| 2018 | Normal Cost | 3,700 |
| | Unfunded Liability Amortization | 815 |
| 2019 | Normal Cost | 3,800 |
| | Unfunded Liability Amortization | 789 |
| 2020 | Normal Cost | 3,900 |
| | Unfunded Liability Amortization | 810 |
| 2021 | Normal Cost | 4,200 |
| | Unfunded Liability Amortization | 900 |

Source: U.S. Postal Service Non-Compliance Letter, dated October 28, 2021.

Table 2 provides CSRS and FERS payments due by fiscal year-end.

¹¹Title 5, U.S.C. §8909a(d)(3)(A) requires prefunding through FY 2016. Title 5, U.S.C. §8909a(d)(3)(B) requires calculation and payment of normal costs and unfunded liability amortization beginning in FY 2017.

Table 2. CSRS and FERS Required Payments

| Type of Payment | Fiscal Year-End Due Date | Amount (in Millions) |
|---|--------------------------|----------------------|
| CSRS Supplemental Liability ¹² | 2017 | \$1,700 |
| | 2018 | 1,400 |
| | 2019 | 1,600 |
| | 2020 | 1,800 |
| | 2021 | 1,900 |
| FERS Supplemental Liability ¹³ | 2014 through 2016 | 495 |
| | 2017 | 917 |
| | 2018 | 958 |
| | 2019 | 1,100 |
| | 2020 | 1,300 |
| | 2021 | 1,400 |

Source: U.S. Postal Service Non-Compliance Letter, dated October 28, 2021.

Postal Service management concurred with the reported instances of noncompliance related to the non-payments. As of November 10, 2021, the Postal Service has suffered no penalties or damages because of its inability to make these payments.

Internal Control over Financial Reporting Specific to the Reclassified Financial Statements

In planning and performing our audit of the reclassified financial statements as of and for the year ended September 30, 2021, we also considered the Postal Service’s internal control over the financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the reclassified financial statements, but not for the purpose of expressing an opinion of the effectiveness of Postal Service’s internal control. Accordingly, we do not express an opinion on the effectiveness of Postal Service’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

¹² Title 5 of the U.S. Code §8348(h) *Government Organization and Employees* § 8348, *Civil Service Retirement and Disability Fund*.

¹³ Title 5 of the U.S. Code §8423(b) *Government Organization and Employees* § 8423, *Government Contributions*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit the attention by those charged with governance. We found no material weaknesses or significant deficiencies in our limited review of internal control over the financial reporting process that are required to be reported under *Government Auditing Standards* and OMB Bulletin Number 21-04.

Compliance and Other Matters Specific to the Reclassified Financial Statements

As part of obtaining reasonable assurance about whether the Postal Service's reclassified financial statements are free from material misstatement, we also performed tests of its compliance with certain provisions of TFM 2-4700, noncompliance with which could have a material effect on the reclassified financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit of the reclassified financial statements and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that would be required to be reported herein under *Government Auditing Standards* and OMB Bulletin Number 21-04.

Management's Comments

We provided a draft of this report to Postal Service management for their review and comment. Management stated they did not have any substantive comments. They also stated they will continue to improve and enhance their financial reporting, processes, and internal controls.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication provided in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Postal Service's internal control or on compliance.

This communication is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control and compliance with provisions of laws, regulations, and contracts which could have a material effect on the reclassified financial statements. Accordingly, this communication is not suitable for any other purpose.

cc: Secretary of the Board of Governors
Corporate Audit and Response Management

U.S. Department of the Treasury Bureau of the Fiscal Service

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Reclassified Financial Statements

Reclassified Balance Sheet

Fiscal Period: 2021, 12 - September

ATB Status: Certified

Manual Adjustments: Excluded - No Manual Adjustment amounts will be included

FR Entity: 1800 - United States Postal Service

| | | Final Amount |
|-----------|--|---------------------|
| 1 | Fund Balance with Treasury (Note 3) (RC 40) | -195,502,297.50 |
| 2 | Investments[, net] (Note 5) | 24,654,999,999.99 |
| 2.1 | Federal investments (Note 5) (RC 01) | 24,655,000,000.00 |
| 2.2 | Interest receivable - investments (Note 5) (RC 02) | -0.01 |
| 3 | Accounts receivable[, net] (Note 6) | 24,425,794.82 |
| 3.4 | Accounts receivable, net (RC 22) | 24,425,794.82 |
| 6 | Other Assets (Note 12) | 509,568,874.42 |
| 6.1 | Other assets (RC 30) | 509,568,874.42 |
| 7 | Total Intra-governmental | 24,993,492,371.73 |
| 8 | Cash and other monetary assets (Note 4) | -152,402,751.91 |
| 9 | Accounts receivable[, net] (Notes 6 and 7) | 1,387,630,672.93 |
| 11 | Inventory and related property, net (Note 9) | 110,902,271.77 |
| 12 | General property[, plant,] and equipment, net (Note 10) | 19,847,381,877.47 |
| 13 | Advances and prepayments | 137,987,456.30 |
| 17 | Other assets (Note 12) | 79,549,872.99 |
| 18 | Total other than intra-governmental/with the public | 21,411,049,399.55 |
| 19 | Total assets | 46,404,541,771.28 |
| 20 | Stewardship PP&E (Note 11) | |
| 22 | Accounts payable (Note 17) | 73,775,393,458.93 |
| 22.2 | Benefit program contributions payable (Note 15) (RC 21) | 73,756,878,301.75 |
| 22.3 | Accounts payable (RC 22) | 18,515,157.18 |
| 24 | Debt (Note 14) | 11,035,757,511.96 |
| 24.1 | Interest payable - loans and not otherwise classified (RC 04) | 35,757,511.96 |
| 24.2 | Loans payable (RC 17) | 11,000,000,000.00 |
| 25 | Advances from others and deferred revenue (RC 23) | 78,505,978.04 |
| 27 | Total Intra-governmental | 84,889,656,948.93 |
| 28 | Accounts payable | 2,261,353,326.21 |
| 30 | Federal employee [and veteran] benefits payable (Note 15) | 16,578,923,215.13 |
| 36 | Advances from others and deferred revenue | 4,993,469,466.14 |
| 37 | Other liabilities (Notes 17, 18, and 19) | 13,360,532,949.00 |
| 38 | Total other than intra-governmental/with the public | 37,194,278,956.48 |
| 39 | Total liabilities | 122,083,935,905.41 |
| 40 | Commitments and Contingencies (Note 19) | |
| 42 | Total Cumulative Results of Operations (Combined or Consolidated) | -75,679,394,134.13 |
| 42.2 | Cumulative results of operations - Funds from other than Dedicated Collections | -75,679,394,134.13 |
| 43 | Total net position | -75,679,394,134.13 |
| 44 | Total liabilities and net position | 46,404,541,771.28 |

U.S. Department of the Treasury Bureau of the Fiscal Service

GTAS

Reclassified Financial Statements

Reclassified Statement of Net Cost

Fiscal Period: 2021, 12 - September

ATB Status: Certified

Manual Adjustments: Excluded - No Manual Adjustment amounts will be included

FR Entity: 1800 - United States Postal Service

| | | Final Amount |
|-----------|---|---------------------|
| 1 | Gross cost | |
| 2 | Non-federal gross cost | 60,621,476,241.86 |
| 6 | Total non-federal gross cost | 60,621,476,241.86 |
| 7 | Federal gross cost | |
| 7.1 | Benefit program costs (RC 26) /2 | 18,607,639,770.88 |
| 7.3 | Buy/sell cost (RC24) /2 | -88,816,189.19 |
| 7.6 | Borrowing and other interest expense (RC05) /2 | 149,106,725.93 |
| 7.8 | Other expenses (without reciprocals) (RC 29) | 2,941,763,603.12 |
| 8 | Total federal gross cost | 21,609,693,910.74 |
| 9 | Department total gross cost | 82,231,170,152.60 |
| 10 | Earned revenue | |
| 11 | Non-federal earned revenue | 75,714,083,943.53 |
| 12 | Federal earned revenue | |
| 12.2 | Buy/sell revenue (exchange) (RC 24) /2 | 1,303,851,322.57 |
| 12.4 | Federal securities interest revenue including associated gains and losses (exchange) (RC 03) /2 | 9,033,818.46 |
| 12.5 | Borrowing and other interest revenue (exchange) (RC 05) /2 | 18,489,064.00 |
| 12.8 | Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13) | 22,860,442.76 |
| 13 | Total federal earned revenue | 1,354,234,647.79 |
| 14 | Department total earned revenue | 77,068,318,591.32 |
| 15 | Net cost of operations | 5,162,851,561.28 |

U.S. Department of the Treasury Bureau of the Fiscal Service
GTAS
Reclassified Financial Statements
Reclassified Stmt. of Operations and Changes in Net Position

Fiscal Period: 2021, 12 - September

ATB Status: Certified

Manual Adjustments: Excluded - No Manual Adjustment amounts will be included

FR Entity: 1800 - United States Postal Service

| | | Final Amount |
|----------|--|---------------------|
| 1 | Net position, beginning of period | -80,707,709,073.56 |
| 2 | Non-federal prior-period adjustments: | |
| 2.1 | Changes in accounting principles | -41,947,152.67 |
| 3 | Federal prior-period adjustments | |
| 4 | Net position, beginning of period - adjusted | -80,749,656,226.23 |
| 5 | Non-federal non-exchange revenue: | |
| 6 | Federal non-exchange revenue: | |
| 6.3 | Borrowings Gains (RC 06)/01 | 10,000,000,000.00 |
| 6.11 | Total federal non-exchange revenue | 10,000,000,000.00 |
| 7 | Financing sources: | |
| 7.8 | Expenditure transfers-in of financing sources (RC 09) /1 | 233,113,653.38 |
| 7.30 | Total financing sources | 233,113,653.38 |
| 8 | Net cost of operations (+/-) | 5,162,851,561.28 |
| 9 | Net position, end of period | -75,679,394,134.13 |

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Reclassification of Balance Sheet for FR Compilation Process

| Assets | | | |
|--|-----------------|-----------------|---|
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Cash and cash equivalents | 23,858 | (152) | 8.0 Cash and other monetary assets (Note 4) |
| Restricted cash | 449 | (196) | 1.0 Fund Balance with Treasury (Note 3) (RC 40) |
| | | 24,655 | 2.1 Federal investments (Note 5) (RC 01) |
| Total | 24,307 | 24,307 | |
| Receivables, net | 1,412 | 1,388 | 9.0 Accounts receivable[, net] (Notes 6 and 7) |
| | | 24 | 3.4 Accounts receivable, net (RC 22) |
| | | - | 2.2 Interest receivable - investments (Note 5) (RC 02) |
| Total | 1,412 | 1,412 | |
| Supplies, advances and prepayments | 189 | 138 | 13.0 Advances and prepayments |
| | | (60) | 17.0 Other assets (Note 12) |
| | | 111 | 11.0 Inventory and related property, net (Note 9) |
| Total | 189 | 189 | |
| Property and equipment, net | 14,778 | 14,778 | 12.0 General property[, plant,] and equipment, net (Note 10) |
| Total | 14,778 | 14,778 | |
| Operating lease right-of-use asset | 5,070 | 5,070 | 12.0 General property[, plant,] and equipment, net (Note 10) |
| Total | 5,070 | 5,070 | |
| Other assets | 649 | 510 | 6.1 Other assets (RC 30) |
| | | 139 | 17.0 Other assets (Note 12) |
| Total | 649 | 649 | |
| Total Assets | 46,405 | 46,405 | |
| Liabilities | | | |
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Compensation and benefits | 3,810 | 3,584 | 37.0 Other liabilities (Notes 17, 18, and 19) |
| | | 214 | 22.2 Benefit program contributions payable (Note 15) (RC 21) |
| | | 12 | 30.0 Federal employee [and veteran] benefits payable (Note 15) |
| Total | 3,810 | 3,810 | |
| Retirement benefits | 14,915 | 14,915 | 22.2 Benefit program contributions payable (Note 15) (RC 21) |
| | | - | |
| Total | 14,915 | 14,915 | |
| Retiree health benefits | 56,975 | 56,975 | 22.2 Benefit program contributions payable (Note 15) (RC 21) |
| Total | 56,975 | 56,975 | |
| Workers' compensation | 1,325 | 1,638 | 22.2 Benefit program contributions payable (Note 15) (RC 21) |
| Workers' compensation, noncurrent | 16,849 | 16,536 | 30.0 Federal employee [and veteran] benefits payable (Note 15) |
| Total | 18,174 | 18,174 | |
| Payables and accrued expenses | 2,523 | 167 | 37.0 Other liabilities (Notes 17, 18, and 19) |
| | | 2,260 | 28.0 Accounts payable |
| | | 14 | 22.3 Accounts payable (RC 22) |
| | | 36 | 24.1 Interest payable - loans and not otherwise classified (RC 04) |
| | | 31 | 30.0 Federal employee [and veteran] benefits payable (Note 15) |
| | | 15 | 22.2 Benefit program contributions payable (Note 15) (RC 21) |
| Total | 2,523 | 2,523 | |
| Deferred revenue-prepaid postage | 2,623 | 2,623 | 37.0 Other liabilities (Notes 17, 18, and 19) |
| Total | 2,623 | 2,623 | |
| Operating lease liabilities | 1,336 | 5,183 | 37.0 Other liabilities (Notes 17, 18, and 19) |
| Operating lease liabilities, noncurrent | 3,847 | | |
| Total | 5,183 | 5,183 | |
| Customer deposit accounts | 1,194 | 1,116 | 36.0 Advances from others and deferred revenue |
| | | 78 | 25.0 Advances from others and deferred revenue (RC 23) |
| Total | 1,194 | 1,194 | |
| Other current liabilities | 1,628 | 3,879 | 36.0 Advances from others and deferred revenue |
| Other noncurrent liabilities | 1,726 | (530) | 37.0 Other liabilities (Notes 17, 18, and 19) |
| | | - | 25.0 Advances from others and deferred revenue (RC 23) |
| | | 5 | 22.3 Accounts payable (RC 22) |
| Total | 3,354 | 3,354 | |
| Employees' accumulated leave, noncurrent | 2,334 | 2,334 | 37.0 Other liabilities (Notes 17, 18, and 19) |
| Total | 2,334 | 2,334 | |
| Current portion of debt | 1,000 | 11,000 | 24.2 Loans payable (RC 17) |
| Noncurrent portion of debt | 10,000 | - | |
| Total | 11,000 | 11,000 | |
| Total liabilities | 122,085 | 122,085 | |
| Net Deficiency | | | |
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Capital contributions of the U.S. government | 13,132 | (75,680) | 42.2 Cumulative results of operations - Funds from other than Dedicated Collections |
| Deficit since 1971 reorganization | (88,812) | | |
| Total | (75,680) | (75,680) | |
| Total liabilities and net deficiency | 46,405 | 46,405 | |

Reclassification of Statement of Operations for FR Compilation Process

| Revenue | | | |
|----------------------------------|----------------|----------------|--|
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Operating revenue | 77,009 | 75,682 | 11.0 Non-federal earned revenue |
| | | 1,304 | 12.2 Buy/sell revenue (exchange) (RC 24) /2 |
| | | 23 | 12.8 Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13) |
| Total | 77,009 | 77,009 | |
| Other Revenue | 32 | 32 | 11.0 Non-federal earned revenue |
| Total | 32 | 32 | |
| Total Revenue | 77,041 | 77,041 | |
| Operating Expenses | | | |
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Compensation and benefits* | 50,085 | 42,599 | 2.0 Non-federal gross cost |
| | | 2,942 | 7.8 Other expenses (without reciprocals) (RC 29) |
| | | 4,777 | 7.1 Benefit program costs (RC 26) /2 |
| Total* | 50,085 | 50,318 | |
| Retirement benefits | 7,376 | 7,376 | 7.1 Benefit program costs (RC 26) /2 |
| Total | 7,376 | 7,376 | |
| Retiree health benefits | 5,110 | 5,110 | 7.1 Benefit program costs (RC 26) /2 |
| Total | 5,110 | 5,110 | |
| Workers' compensation | (580) | 1,345 | 7.1 Benefit program costs (RC 26) /2 |
| | | (1,925) | 2.0 Non-federal gross cost |
| Total | (580) | (580) | |
| Transportation | 9,652 | (188) | 7.3 Buy/sell cost (RC24) /2 |
| | | 9,840 | 2.0 Non-federal gross cost |
| Total | 9,652 | 9,652 | |
| Other operating Expenses | 10,201 | 10,102 | 2.0 Non-federal gross cost |
| | | 99 | 7.3 Buy/sell cost (RC24) /2 |
| Total | 10,201 | 10,201 | |
| Total operating expenses* | 81,844 | 82,077 | |
| Loss from operations* | (4,803) | (5,036) | |
| Other income (expense) | | | |
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Interest and investment income | 28 | 9 | 12.4 Federal securities interest revenue including associated gains and losses (exchange) (RC 03) /2 |
| | | 19 | 12.5 Borrowing and other interest revenue (exchange) (RC 05) /2 |
| | | - | 11.0 Non-federal earned revenue |
| Total | 28 | 28 | |
| Interest expense | 155 | 150 | 7.6 Borrowing and other interest expense (RC05) /2 |
| | | 5 | 2.0 Non-federal gross cost |
| Total | 155 | 155 | |
| Net loss* | (4,930) | (5,163) | |

*The differences in *Compensation and benefits*, *Total operating expenses*, *Loss from operations*, and *Net loss* represent the accounting treatment for reimbursements received under the *American Rescue Plan Act of 2021 (ARPA)*. In March 2021, the President signed ARPA, enacted as Public Law 117-2, which included \$570 million in funding, administered by the Office of Personnel Management (OPM), for Emergency Federal Employee Leave (EFEL) taken through September 30, 2021 as a result of the pandemic. During the year ended September 30, 2021, the Postal Service received \$233 million in reimbursements from this funding. The Postal Service recorded this \$233 million as a contra operating expense in its Statement of Operations included in the Form 10-K, as required by generally accepted accounting principles (GAAP) promulgated by the Financial Accounting Standards Board. The Postal Service reported these amounts in its reclassified financial statements as a financing source, consistent with accounting guidance issued by OPM, which results in this funding not presenting in the Statement of Net Cost.

Reclassification of Statement of Changes in Net Deficiency for FR Compilation Process

| Revenue | | | |
|---|-----------------|-----------------|--|
| USPS Financial Statement Line | Amount | Amount | Reclassified Statement Line |
| Balance, September 30, 2020 | (80,708) | (80,708) | 1.0 Net Position, beginning of period |
| Cumulative Effect Adjustments for Adoption 326 | (42) | (42) | 2.1 Changes in accounting principles |
| Capital Contribution from U.S. Treasury under the CARES Act | 10,000 | 10,000 | 6.3 Borrowings Gains (RC 06)/01 |
| | | 233 | 7.8 Expenditure transfers-in of financing sources (RC 09) /1 |
| Net loss | (4,930) | (5,163) | 8.0 Net cost of operations |
| Total | (75,680) | (75,680) | |